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CASH FOR CONTRAS FAR EXCEEDS SUM THEY HAD SOUGHT

Up to \$97 Million Was Raised
Before Arms Aid Resumed
— Millions Untraced

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WASHINGTON, April 7 — The Reagan Administration and private supporters raised \$83 million to \$97 million for the Nicaraguan rebels between 1984 and 1986, far more than the main contra group estimated it needed, and more than \$20 million of it cannot be accounted for, a review of the rebels' finances shows.

The amount raised is in addition to the \$10 million to \$20 million, also untraced, supposedly diverted to the contras from arms sales to Iran.

While it is not yet possible to piece together the contras' finances fully, information derived from their bank accounts, internal White House memos and interviews indicates that the total raised from 1984 to 1986 was at least \$38 million more than the \$45 million the contras said they needed to fight the Sandinista Government in Nicaragua.

Other Theories Are Pursued

Congressional and Federal investigators say they suspect that at least some of the money that has not been accounted for was spent on activities in support of the contras directed by Lieut. Col. Oliver L. North, the National Security Council aide who was dismissed after the first disclosures of the Iran-contra arms affair last November.

The investigators say the pool of surplus and unaccounted-for money is so large that they are pursuing other theories about what happened to it, including large-scale theft, waste and the diversion of some to other anti-Communist insurgencies.

The help for the contras appears to have come from the these sources: \$32 million from Saudi Arabia, \$10 million from Brunei, \$27 million in United States Government aid for nonlethal purposes, goods and services from various groups worth \$10 to \$20 million, \$1 million to \$5 million raised in currency dealings and \$3 million in miscel-

laneous contributions.

In 1986, as Colonel North was making impassioned pleas on behalf of the contras, classified intelligence reports showed that the rebels were well provisioned. Knowledgeable intelligence officials say they are baffled by Colonel North's repeated references in internal memos to the need for large amounts of additional funds.

Previously undisclosed documents now being reviewed by a Federal grand jury show that Colonel North was intimately acquainted with the contras' bank accounts a few months after the Congressional ban on military aid to the contras was imposed in 1984.

In early 1985, Congressional investigators said, he wrote a letter using the code name "Steel Hammer" telling a contra leader, Adolfo Calero, whom he referred to as "friend," that \$25 million had just been put into the "usual account."

An Accounting Is Promised

Here are some disclosures in a reconstruction of contra finances, based on the rebels' bank records, public documents and interviews with officials and investigators:

¶ Although the total given to the rebel forces from 1984 to 1986 was from \$83 million to \$97 million, the largest contra group and chief beneficiary of the money said that during that period it needed approximately \$20 million for weapons and \$25 million for food, medical supplies and other aid. A spokesman for the group, the Nicaraguan Democratic Force, said the group would eventually account for all the money.

¶ Investigators believe some of the money was used to pay off Honduran military officials as part of the cost of operating in Honduras and to stockpile goods. One contra official said \$1 million in payoffs had gone to a top Honduran military officer.

¶ Several foreign countries, including Taiwan, South Korea, Brunei and Saudi Arabia, are said to have donated at least \$42 million and maybe as much as \$62 million on behalf of the contras, but only \$32 million can be traced as ever having arrived in their bank accounts. The remainder, investigators believe,

may have gone to Colonel North's network for anti-Communist insurgencies in countries such as Angola and Afghanistan and for running the Iran operation.

¶ The contras were financed from mid-1984 until mid-1985 by Saudi Arabia. No one has yet said why the Saudi money stopped at that point. Shortly after it did, the Central American part of what Colonel North called Project Democracy, with assets and expenses totaling many millions of dollars, sprang to life, according to the Tower Commission.

The Saudis Provide Funds

The first Saudi deposit, \$1 million from a Swiss bank, came in July 1984, shortly after Congress effectively cut off further aid to the contras, according to the testimony of Robert C. McFarlane, the former national security adviser, and Nicaraguan Democratic Force bank records.

This was the first of eight monthly million dollar payments. Then in February and March of 1985 the Nicaraguan Democratic Force, which is known as F.D.N. from its initials in Spanish, received four final deposits from the Swiss bank totaling \$24 million.

By then the Saudi money, essentially the only source of F.D.N. financing, so exceeded what the group said it needed that much of it was invested in 30-day certificates of deposit, records show.

Mr. Calero has said he does not know who gave money to his group; he says he "never asked" Colonel North or others for details.

But the Federal Bureau of Investigation found a letter to Mr. Calero in Colonel North's files about a \$25 million deposit in the "usual account." Investigators said they believed the letter was written in February or March of 1985. Bosco Matamoros, a spokesman for Mr. Calero, said he never received any such letter.

Congressional investigators say they believe Colonel North's reference to \$25 million referred to Saudi money, though he wrote a memo about contra finances on April 11 of that year that mentioned only \$16.5 million in total deposits to the F.D.N. account since February.

North's Network Helps the Contras

In early 1985 Colonel North was also involved in efforts by Gen. John K. Singlaub to obtain donations of \$10 million each from Taiwan and South Korea for the contras.

Richard Coorsh, a spokesman for General Singlaub, an arms supplier who is a retired Army officer, said the general would not comment on the solicitations.

In June 1986, Colonel North wrote a memo saying that Taiwan and South Korea had given "aid" to the contras. This apparently led the Tower Commission, which investigated the Iran-contra affair, to conclude in its report that "the contras eventually received funds from both foreign governments."

But it is not clear what happened to the contributions, nor is it clear how much was donated, Federal investigators say. The two Governments say they gave no money and F.D.N. records show no significant deposits during 1985, save for the Swiss transfers said to have come from Saudi Arabia.

Some Tower Commission and Congressional investigators believe money

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from the two Asian countries may have gone to Colonel North's Project Democracy.

It was in April 1985, soon after the solicitation of the Asian money, that Colonel North's associates organized a Panama-based Project Democracy company, Udall Research Corporation, which later helped to build an airstrip in Costa Rica and to buy aircraft to support the contras. How Project Democracy was financed in 1985 is not known.

The Tower Commission report said it appeared that Colonel North had adopted the name Project Democracy for his activities. President Reagan first described Project Democracy in a 1982 speech describing his vision of cultivating the "fragile flower of democracy," but investigators studying the Iran-contra affair found that it carried out a wide range of covert activities. Investigators say they cannot prove that President Reagan directly authorized these activities.

Contra Finances: Too Much?

An analysis of contra revenues and spending in the period from 1984 to 1986 shows that more money was raised for the rebels than they needed, although they and their supporters were saying they needed more.

"It's a lot of money they supposedly received for their operations," a Congressional investigator said. "It's too much."

The military needs of the contras were amply covered by the Saudi money; between August 1984 and July 1985, the Nicaraguan Democratic Front transferred about \$20 million to arms dealers' bank accounts for weapon purchases, according to the records and contra officials.

The \$20 million was enough to finance the contras' limited military needs until late 1986, according to Mr. Matamoros. At least half of that money went to companies linked to Maj. Gen. Richard V. Secord, a retired air force officer who was also part of the network directed by Colonel North.

The F.D.N. records show that about \$35 million — \$32 million from the Saudis and about \$3 million in other contributions and interest income — was available to the group between 1984 and 1986, leaving \$15 million for non-military support.

Mr. Matamoros estimated that the cost of supporting F.D.N. members and their families was about \$1 million a month, the same figure used by analysts from the Central Intelligence Agency and Congress. Using this estimate, the group's total figure of what it needed for nonlethal supplies for the two years would be about \$25 million.

But according to F.D.N. bank records and interviews with Administration officials and contra fund-raisers, the total cash and services the group received was between \$48 million and \$62 million, not including \$10 million raised from Brunei that never reached the contras.

In addition to the surplus from the Saudi donations, the Nicaraguan Democratic Force received about \$22 million of the \$27 million for nonlethal supplies that was approved by Congress in 1985.

Various organizations also gave goods and services to the F.D.N. These donations are valued at \$20 million by the heads of the organizations and at \$10 million by Mr. Calero.

The Nicaraguan Democratic Force also generated \$1 million to \$5 million by buying foreign currencies at unofficial rates, based on estimates by Mr. Calero and a State Department official.

Mr. Matamoros said that the F.D.N. can account for all the money and donations it received and that the group is preparing a report on the subject. But it is not possible to trace the group's expenditures from its bank records; they show that much of the \$15 million left over from the Saudi donations was transferred to other banks or currency brokers or used for traveler's checks and cash.

Last year, the General Accounting Office reviewed the \$27 million approved by Congress and found that all the money had been spent, but it could not find out how it had been spent or verify most of the receipts.

F.D.N. bank records show that the group faced financial difficulties in 1986, yet the Tower report contains a memo written by Colonel North on May 16, 1986, that suggests the opposite. It says that the "Nicaraguan resistance now has more than \$6 million available for immediate disbursement" and that there will be a "considerable amount" more "in a few more days." The Tower Commission report said the arms sale to Iran generated as much as \$6 million available for diversion in March and as much as \$8.5 million in mid-May, sums that were deposited with Lake Resources.

A few months later, in August 1986, the Lake Resources account received \$10 million from the Sultan of Brunei, ostensibly intended for the financially strapped contras. It is not known where this money went, but investigators now believe it too may have gone to other Project Democracy operations or even to pay past debts. The next month Project Democracy was still in debt,

according to Colonel North's memos, and it had to sell an plane to raise cash.

By last fall, the balance in Lake Resources' Swiss account had fallen to only \$30,000, the Tower report said. But the need for Project Democracy's Central American operations had ended; Congress had decided to resume military aid to the contras and the first part of the \$100 million it approved was on its way.